

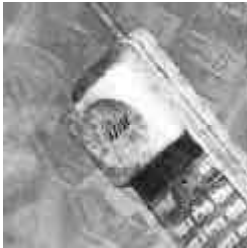
Attorney General Mike Fisher



Report to the People of **PENNSYLVANIA**

BUREAU OF CONSUMER PROTECTION NEWSLETTER

May 2002



“DO-NOT-CALL” LAW ENACTED

On April 2, 2002, Governor Mark Schweiker signed into law Act 24 of 2002. The Act amends the Telemarketer Registration Act to establish a statewide “Do-Not-Call” registry which will compile the names, addresses and phone numbers of residential telephone subscribers who want to be removed from telemarketing lists. It will be illegal for a telemarketer to call a consumer once that consumer has enrolled on the “Do-Not-Call” list. In addition, the law prohibits telemarketers from blocking the transmission of caller identification information or otherwise using any products

or services which would prevent a consumer from screening telephone calls. Attorney General Mike Fisher has made the enactment of the new law a priority for his office.

“This law offers consumers the ability to prevent the interruptions to their private lives that accompany unwanted telemarketing calls,” Fisher said. “Consumers who receive unsolicited calls after having their numbers placed on the “Do-Not-Call” list will be alerted to the potential for telemarketing fraud.”

Attorney General Mike Fisher’s Director of the Bureau of Consumer Protection will designate a non-profit organization as the list administrator who will accept the names, addresses and telephone numbers of consumers who do not wish to receive telephone solicitation calls. Telephone solicitation calls not covered by this law include:

- Calls made at the prior request of a consumer;
- Debt collection calls;
- Calls made by a telemarketer that has an established business relationship with the consumer within the past 12 months;
- Calls by political parties and candidates; and,
- Calls made on behalf of tax-exempt organizations such as charities, fraternal benefits or organizations and veterans organizations.

Act 24 does not become effective until June 1, 2002. Over the next several months, telephone companies will be providing notification to residential telephone subscribers as to how they may contact the list administrator for purposes of enrolling in the “Do-Not-Call” list. Once enrolled, a consumer’s telephone number will remain on the “Do-Not-Call” list for a minimum of 5 years from the date of enrollment or until the telephone number is no longer valid for the residential telephone subscriber. Telemarketers who make telephone solicitation calls to Pennsylvania consumers must obtain a copy of the quarterly “Do-Not-Call” list before making telephone solicitation calls to Pennsylvania consumers.

Any consumer complaints concerning violations of the “Do-Not-Call” provision may be referred to the Attorney General’s Office. Where the Attorney General’s Office finds that the provision has been violated, it may bring an action to impose civil penalties and to seek other relief under the Consumer Protection Law. Violations will be subject to civil penalties of \$1,000 per violation, and \$3,000 for each violation involving a person age 60 or older.



SIGNIFICANT

Suit Filed in Scheme Targeting Latino Consumers

In February, a Complaint in Equity was filed against three Southeastern PA home improvement companies including Quality Home Remodling, Inc., 2000 Dream Home, Inc., and Millennium Home Remodling, Inc.. The defendants are accused of seeking out and defrauding more than two dozen mostly low-income Latino consumers in a widespread home improvement and loan scheme. The lawsuit seeks civil penalties and costs, as well as, a permanent injunction prohibiting the defendants from engaging in such practices.

Contact DAG John Abel, (215) 560-2414

Preliminary Injunction Entered Against Psychic Reader's Network and Access Resource Services

On January 16th, a preliminary injunction order was entered against Psychic Reader's Network requiring them to cease calling PA consumers who requested no further contact and to halt attempts to collect disputed bills for calls allegedly made to the defendants' "Miss Cleo" psychic pay-per-call service. This injunction remains in effect pending the outcome of the lawsuit initiated in which the Commonwealth is seeking consumer restitution, civil penalties and costs, and a permanent injunction prohibiting the defendants from violating the Consumer Protection Law, Debt Regulations, Telemarketing Registration Act and the Fair Credit Extension Uniformity Act.

Contact DAG Barry Creany, (814) 471-1831

Lucille Roberts Health Clubs

Assurances of Voluntary Compliance were filed in February with four Lucille Roberts health clubs located in Southeastern PA to resolve claims that they failed to register as health clubs and sold memberships to consumers in violation of state law. These agreements require the clubs to comply with the law, offer refunds to affected consumers, and pay a total of \$20,000 in civil penalties and costs.

Contact DAG John Abel, (215) 560-2414

Civil Service Career Center, Inc.

A Complaint in Equity was filed in November against Richard Friedberg and his businesses, Civil Service Career Center, Inc., and American Career Center. The Commonwealth alleges that the defendants violated the Consumer Protection Law and the Employment Agency Law by defrauding dozens of consumers, who were either unemployed or seeking new jobs, by falsely claiming that for a fee, they were "guaranteed" to find government work or get their money back. The lawsuit seeks restitution for victims, civil penalties and asks that the defendants permanently forfeit their right to conduct business in the Commonwealth as an employment agent or agency.

Contact DAG Mozelle Daniels, (215) 560-2414

Dog Breeders Sued for Numerous Violations

A Complaint in Equity and Motion for a Preliminary Injunction was filed against two Somerset County dog breeders accused of illegally housing, advertising, selling and transporting puppies of various breeds to consumers. The investigation uncovered alleged victims located in PA and 13 other states. Sheep Ridge Pugs is accused of violating the Consumer Protection Law, Dog Law, Animal Welfare Act, and Fictitious Names Act.

The court has entered a preliminary injunction enjoining the breeders from engaging in the violations alleged in the complaint.

Contact DAG Margie Anderson, (814) 471-1831

First American Marketing Corp., d/b/a Senior Informational Services

An Assurance of Voluntary Compliance was reached with this estate planning company to resolve allegations that it

engaged in the unauthorized practice of law and used deceptive, high-pressured and illegal sales tactics to promote and sell its services to mostly older citizens. The company promoted and advertised its estate planning services through seminars, senior fairs, mailings, in-home solicitations and on its website. The terms of the settlement require the company to pay \$28,000 in civil penalties, \$17,000 for costs or future public protection purposes and they must comply with the Consumer Protection Law, Unauthorized Practice of Law Statute and the Federal Trade Commission "Cooling Off" Rule.

Contact DAG John Abel, (215) 560-2414



CASES

“We’re pleased to have secured a preliminary injunction protecting consumers who continued to get calls at home despite their repeated requests for the company to stop.”

- Attorney General Mike Fisher

Settlement Reached with ALMS, Ltd. and Brett Weinstein

Assurance of Voluntary Compliance agreements were reached with an estate planning and marketing business located in Texas and a PA attorney who hired the marketing firm. The Commonwealth alleged that consumers were misled into believing that the estate planning services they purchased were performed by licensed attorneys. In addition to paying consumer restitution and \$23,500 in civil penalties and costs, both the attorney and the business are permanently enjoined from violating the Consumer Protection Law and the Judicial Code Provisions barring the Unauthorized Practice of Law. *Contact DAG Lawrence Nydes, (412) 565-5135*

Agreements Reached with Home Developer and Agway Energy Products

Consent agreements were filed resolving a 1999 legal action that alleged consumers were deceived into believing that homes they purchased from developer James E. Saunders included propane tanks. In reality, the propane tanks along with all maintenance and servicing rights belonged to Agway Energy Products. The action alleged that failing to disclose the ownership of the tanks was a deceptive sales practice in violation of the Consumer Protection Law. The consent agreements require that ownership of the tanks be relinquished to property owners and that future advertisements include notification that the tanks are owned by a third party supplier. Under the agreements the developer must pay nearly \$5,600 in penalties and costs. *Contact DAG Michael Butler, (610) 821-6690*



13-Count Lawsuit Filed in Alleged Home Improvement and Finance Scheme

A Complaint in Equity was filed in an ongoing investigation into a scheme targeting lower-income consumers located throughout 14 central and western PA counties. The action alleges that the defendants conspired to defraud consumers by illegally obtaining home improvement contracts, financing and/or debt consolidation loans for homeowners who otherwise would not have been considered qualified borrowers. Specifically, the Commonwealth contends that consumers' incomes were inflated without consent, bogus appraisals inflated their property values and that illegal cash incentives were offered to lure consumers into signing agreements. Further, the home improvement services that were to be performed were either not started, were incomplete or services that were performed were done so in a shoddy manner. The lawsuit seeks consumer restitution, civil penalties, costs of investigation and forfeiture of the defendants' right to conduct business as sellers of home improvement services or financing, loan brokers or real estate appraisers in PA.

Contact DAG Leslie Grey, (814) 871-4371

Contractor Sued in Bankruptcy Court

A Complaint was filed in U.S. Bankruptcy Court against a Luzerne County contractor for allegedly defrauding consumers out of \$44,000 in home improvement contracts that he failed to honor. The Commonwealth is asking the Court to deny a request by the contractor to have debt owed to consumers forgiven and asks that he be required to pay restitution to all consumers harmed by his illegal business practices. Further, the Commonwealth asks that the contractor be required to pay \$23,000 in civil penalties. *Contact DAG Jim Sysko, (570) 963-4913*

Northeast Warranty corporation

A Complaint in Equity was filed against the owners of this former used car warranty company alleging that they accepted payments for warranty contracts then closed the business without offering refunds or paying the outstanding claims. The lawsuit seeks:

- \$45,000 in consumer restitution;
- \$71,000 in civil penalties;
- permanent forfeiture of the right to engage in this type of business until restitution provisions have been made;
- appointment of a receiver to determine, collect and liquidate assets; and,
- payment of the Commonwealth's investigation costs.

Contact DAG J.P. McGowan, (570) 963-4913



PENNSYLVANIA

Office of Attorney General

Mike Fisher, Attorney General

presents

FREE Training Sessions for

Act 28

***Neglect of Care
Dependent Persons***

Act 28, the Neglect of Care-Dependent Persons Act, 18 Pa.C.S.A. §2713, was enacted in 1995 to address the growing concern of care for the elderly in Pennsylvania. Essentially, Act 28 prohibits the intentional, knowing or reckless causing of injury by a caretaker for failing to provide the care necessary to preserve the health, safety and welfare of a care-dependent person.

Since 1996, the Office of Attorney General has provided Act 28 training to over 5,000 people in various locations across the Commonwealth. Act 28 training is designed to educate long-term care professionals, law enforcement and the general public about neglect of our care-dependent citizens. The training provides:

Background on the law;

Discussions concerning what constitutes criminal neglect;

Examples of actual neglect cases that have been investigated and prosecuted by the Attorney General's Office;
and,

Instruction on how to identify criminal neglect and to whom it should be reported.

In 2002, the Office of Attorney General will provide five free training sessions across the Commonwealth. Training sessions have already been conducted in Harrisburg and King of Prussia for approximately 460 people. The remaining training schedule is as follows:

May 17, 2002	-	Nittany Lion Inn, State College
September 20, 2002	-	Sheraton, Mars
November 22, 2002	-	Woodlands Inn, Wilkes-Barre

For registration information, please contact:

**Gwendolyn Casey
Office of Attorney General
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(717) 783-1481**

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ATTORNEY GENERAL FISHER WARNS CONSUMERS TO EXERCISE CAUTION WHEN FINANCING THEIR HOMES

The basic mortgage lending process is at times cumbersome, and understanding the specific terms of a loan can be difficult, or even overwhelming for many borrowers. Mortgage loans can lead to foreclosures where owners borrow money based solely on the equity in their homes rather than their ability to repay the loan. In situations where the homeowners can no longer keep up with their payments, they will lose their house along with any built up equity they had.

The practice of arranging a loan for a homeowner based on the equity in the home rather than on the ability to pay is referred to as predatory lending. Some lenders attempt to convince homeowners to take out loans that include excessive fees and points, high interest rates, balloon payments, large prepayment penalties and costly insurance financed over the life of the loan. Predatory lenders often target seniors, women, minorities or unsophisticated borrowers who have poor credit histories. To obtain approval for loans some fraudulent lenders will inflate the homeowner's income without consent, arrange for bogus appraisals which overstate the property's value and may even offer the homeowner a cash back incentive for signing agreements.

If you are considering using your home as collateral for a loan, use caution in selecting a lender. The following advice may help you identify lenders who are engaging in illegal predatory lending practices:

- Avoid lenders who tell you, or require you, to include false information on a loan application, especially information regarding your income.
- Avoid lenders who encourage you to sign blank loan documents.
- Avoid lenders who promise one set of terms, then substitute different terms in the final agreement without a legitimate explanation for the change.
- Avoid lenders who try to pressure you into applying for a loan for more money than you need or accepting a monthly payment you do not feel you can afford.
- Avoid lenders who obtain home appraisals which appear to inflate the value of your home.
- Avoid lenders who offer cash as an incentive for allowing them to arrange your loan or encourage you to authorize loan proceeds to be paid directly to a home contractor.
- Avoid lenders who tell you that you cannot have copies of your signed loan documents.

There are a number of state and federal laws designed to protect consumers from unscrupulous mortgage lenders. These laws offer consumers a wide range of protection by requiring the lenders: to provide mandatory disclosure of the key financial term of the loan in a written notice; to provide loan counseling where either the interest rate or fees and charges exceed a reasonable threshold; and, to notify consumers of their right to cancel a loan agreement within three days. My office will work vigorously to enforce these laws. In addition, we will continue to work to broaden consumer awareness and understanding of sound mortgage or home equity borrowing practices. Consumers who experience this type of problem are encouraged to contact Attorney General Mike Fisher's Bureau of Consumer Protection at 1-800-441-2555 for help.

Consumer Protection Hotline - call Toll-Free 1-800-441-2555

"Bureau of Consumer Protection Newsletter"

is published by the Pennsylvania Office of Attorney General, Public Protection Division:

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